



OFFICE OF THE GOVERNOR
CHRIS SUNUNU

For Immediate Release:

January 10, 2020

Contact:

Ben Vihstadt

Benjamin.Vihstadt@nh.gov

603-271-2121

Governor Sununu and NH Insurance Department Announce Plan to Reduce Premium Rates, Improve Individual Health Insurance Market

CONCORD, NH – Today, Governor Chris Sununu is announcing that the New Hampshire Insurance Department intends to file a Section 1332 State Relief and Empowerment Waiver application with the federal government to promote stability in the state’s individual health insurance market with an expectation that plan year 2021 premiums will be reduced by approximately 15% over what they would have been otherwise.

“Preserving and stabilizing New Hampshire’s individual health insurance market has been a key priority for our administration. Our previous efforts have kept our state’s three current insurance companies in the market and have lowered premiums for two consecutive years,” said Governor Chris Sununu.

“However, continued dysfunction and lack of reform in Washington is likely to produce increased prices next year that could put healthcare out of reach for too many Granite Staters. Thanks to good financial management and the reforms my administration made to our state’s Medicaid Expansion program, this waiver, unlike previous proposals, makes sense and could reduce prices for individuals by 15%. This is a win for New Hampshire and I want to thank the team at the Department of Insurance for their efforts.”

As required by HB 4, which passed last September, the Insurance Department is seeking a waiver to create a state-based reinsurance program. The waiver would allow New Hampshire to receive what is known as federal “pass-through” funding — the equivalent of what the federal government is estimated to save in premium subsidy payments to New Hampshire residents as a result of the program.

An initial analysis prepared for the Insurance Department estimates the plan will save the federal government \$31.1 million in Advance Premium Tax Credits for 2021. In combination with the state share of \$13.5 million, initial estimates indicate that the program could provide \$44.6 million in reinsurance dollars to individual market companies to cover high cost claims. This would enable these companies to lower their premium rates and limit their exposure to high cost claims.

Payments will be allocated to the companies providing coverage in the individual market based on the number and magnitude of high cost claims that they incur. The waiver application will include a provision to allow the state to adjust the program on a year-to-year basis as market conditions may require, or to terminate the program at the end of any plan year.

In 2017, with legislative authorization, the Insurance Department conducted its first effort to establish a reinsurance mechanism for the individual market. At that time, the Medicaid Expansion (Premium Assistance Program) population was about to enter the individual market. The federal government would not agree to give New Hampshire pass-through funding representing the Medicaid program savings that would result from the reinsurance plan. This significantly decreased the pass-through savings relative to the state share and reduced the benefit to the market in terms of premium reduction to the point that the effort was abandoned. Now that the Medicaid Expansion population is being served through managed care organizations and not through the individual market, the anticipated pass-through savings relative to the state share is much larger, resulting in much higher savings for the individual market as compared to the 2017 proposal and much lower state share costs.

The individual health insurance market, which insures 44,000 people through the state's federally facilitated Exchange (HealthCare.gov) and 10,000 people outside the Exchange, has faced significant uncertainty and increased costs over several years. Individuals who do not receive federal premium subsidies have experienced steep increases and many have left the individual market. The individual market is inherently more vulnerable than group markets to what is known as "adverse selection"—the accumulation of a disproportionate number of members with high health care costs.

"The individual market in New Hampshire has been under stress for years," said Acting Insurance Commissioner Alex Feldvebel. "I hope that by implementing a well-crafted reinsurance program, we can strengthen the individual market—both in terms of company participation and in terms of covered lives and general consumer confidence. We have seen the negative impacts of high premium costs on people's financial well-being and health, and the Governor and Legislature have directed the Department to take action."

About a dozen states were granted or are in the process of applying for Section 1332 Waivers to support their individual markets. In 2018, the Trump Administration announced additional Section 1332 Waiver options for states to promote pursuit of the waivers. Most states began their 1332 Waivers in 2019 and have estimated double-digit premium savings.

In order to receive the federal funding, the Department seeks to waive a very limited portion of the federal health care law in order to allow New Hampshire to receive the pass-through savings. The waiver request is related to the structure of the risk pool, and will not affect consumer protections or essential health benefits. The state share funding will be raised through an assessment of health insurance companies that is authorized by a state law that has been in place since 1998. This law has been used to fund individual market subsidy mechanisms in the past.

Obtaining public input is an important part of the plan for stabilizing the market. The Insurance Department will hold two public hearings this spring on the proposed risk-sharing plan and application for federal funding. The dates and locations for the hearings will be announced once the venues are confirmed.

###